

Message Text

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PAGE 01 JAKART 05021 290315Z

64

ACTION EA-10

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FM AMEMBASSY JAKARTA

TO AMEMBASSY KUWAIT

INFO SECSTATE WASHDC 7826

SDOC WASHDC

AMEMBASSY SINGAPORE

AMCONSUL HONG KONG

AMCONSUL MEDAN

AMCONSUL SURABAYA

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DEPT PASS EXIM, STATE FOR EA/EP GEBER, USDOC FOR MEPD

HONG KONG FOR RAND

EO 11652: N/A

TAGS: BESP BTRA EINV ID KU

SUBJ: INDONESIAN SUGAR MILL PROJECT

REF: A. KUWAIT 1011 B. KUWAIT 922 C. JAKARTA 2440

1. NAHAR ZAHIRUDDIN, PRESIDENT DIRECTOR, MARISON TRADING AND INDUSTRIAL CORPORATION OF JAKARTA (REF C) NOTIFIED OF CONTENTS REFS A AND B UPON THEIR RECEIPT BUT DELAYED VISIT TO EMBASSY FOR DETAILED DISCUSSIONS UNTIL EARLY APRIL. ON APRIL 28 HE HAND DELIVERED LETTER WHICH CONTAINS ALL DETAILS KNOWN TO DATE ON HIS PROPOSED SUGAR MILL PROJECT. THESE DETAILS FOR MOST PART PREVIOUSLY REPORTED IN REF C, NONETHELESS THEY ARE REPRODUCED BELOW:

"A) THE MINISTRY OF INTERIOR HAS GIVEN MARISON THE RIGHT TO USE OF A PLOT OF LAND MEASURING ABOUT 8,989 HECTARES (22,212 ACRES) TO BE EXPLOITED AS A SUGAR CANE

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PAGE 02 JAKART 05021 290315Z

ESTATE AND FOR THE CONSTRUCTION OF A SUGAR FACTORY.

THE LAND IS LOCATED AT CAMMING, SOUTH SULAWESI, ABOUT 170 KILOMETERS NORTH TO UJUNG PANDANG. (B) THE OPERATING PERMIT TO DEVELOP THE LAND HAS ALSO BEEN GRANTED BY THE MINISTER OF AGRICULTURE. CANE TEST PLANTINGS HAVE BEEN ESTABLISHED IN FIVE DIFFERENT LOCATIONS WITHIN THE PROJECT. MANY SUGAR EXPERTS, WHO HAVE VISITED THE SITE, WERE FAVORABLY IMPRESSED BY THE EXPERIMENTAL WORK BEING CARRIED OUT THERE. (C) MR L W WISHARD, MANAGER, AGRICULTURAL SERVICES, THEO H DAVIES, HAWAII IS OF THE OPINION THAT USING AN AVERAGE SUGAR YIELD OF 3.61 SHORT TONS OF SUGAR PER ACRE (8.91 SHORT TONS SUGAR PER HECTARE) AND 17,028 ACRES (6,891 HECTARES) HARVEST AREA, THE ANNUAL CROP WOULD BE 61,471 SHORT TONS OF 96 DEGREE SUGAR. (A FACTORY CAPACITY OF 4,541 TONS PER DAY-OR 206 TONS PER 22 HOUR DAY). HE ADDED, IF THE CROP AREA WERE TO DOUBLE IN THE FUTURE, THEN A FACTORY OF 9,082 TONS PER DAY-OR 412 TONS PER 22 HOURS-WOULD BE REQUIRED. SUGAR CROP WOULD THEN BE 122,942 SHORT TONS 96 DEGREE SUGAR. (D) A TOTAL INVESTMENT FOR THIS PROJECT IS ESTIMATED ABOUT US\$60,000,000 CONSISTING OF US\$20,000,000 EQUITY CAPITAL AND US\$40,000,000 LOAN CAPITAL. (E) THE PROSPECTIVE FOREIGN PARTNER OF THIS PROJECT IS JARDINE MATHESON & CO HONG KONG. WITH THEIR ASSISTANCE WE HAVE DONE THE AGRONOMICAL AND INFRASTRUCTURE STUDIES. THE STUDIES CONFIRMED THAT AGRONOMICAL THIS PROJECT IS FEASIBLE AND AS FAR AS ROADS, BRIDGES AND AS PORT FACILITIES ARE CONCERNED THERE ARE NO PROBLEM, IT IS WORKABLE. (F) SUGAR IS NOW A TOP PRIORITY OF THE INDONESIAN GOVERNMENT AGRICULTURAL AND INDUSTRIAL PLAN. (G) FOREIGN FINANCIERS WHO ARE INTERESTED TO TAKE PART IN FINANCING THIS PROJECT ARE VERY MUCH WELCOME. WE ARE PREPARED FOR FURTHER DISCUSSIONS."

2. ZAHIRUDDIN TRAVELING TO DUSSELDORF FOR MEETINGS MAY 22-23 AND PREPARED VISIT KUWAIT EITHER IMMEDIATELY BEFORE OR AFTER THOSE DATES (HE DEPARTS JAKARTA MAY 17). HE ALSO VISITING BEIRUT JUNE 22-26 AND PREPARED VISIT KUWAITEITHER IMMEDIATELY BEFORE OR AFTER THOSE ALTERNATIVE DATES. HE IS FULLY CONVERSANT WITH CONTENTS LIMITED OFFICIAL USE

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PAGE 03 JAKART 05021 290315Z

PARA 4 OF A, AND AWARE THAT ABOVE REPORTED DETAILS OF PROJECT DO NOT SPEAK TO NUMBER OF KEY POINTS NOTED IN REF A. WE, NONETHELESS, BELIEVE THAT IT WOULD BE VERY USEFUL IF KFTCIC COULD FIND TIME TO MEET WITH ZAHIRUDDIN. PLEASE ADVISE. NEWSOM

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Message Attributes

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